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**Report to Clackmannanshire Council**

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**Date of Meeting: 23 March 2023**

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**Subject: Alloa Innovation Hub**

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**Report by: Strategic Director (Place)**

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**1.0 Purpose**

- 1.1. This report provides Members with an update on progress of the joint work that has been taking place with the University of Stirling and others on two projects within the Innovation workstream of the Stirling and Clackmannanshire City Region Deal: Scotland's International Environment Centre (SIEC), and the Intergenerational Living Innovation Hub (ILIH).
- 1.2. The outcomes from this work have resulted in a proposal for the creation of an Alloa Innovation Hub, encompassing SIEC Phase 2 and ILIH that is presented in this paper.

**2.0 Recommendations**

- 2.1. It is recommended that Council:
- 2.1.1. notes the progress set out in the report and endorses the creation of an Alloa Innovation Hub, encompassing SIEC phase 2 and ILIH.
- 2.1.2 notes the next steps set out in sections 3.23 to 3.26, and specifically, the site options appraisal and feasibility actions and Deal governance milestones for securing Scottish and UK Government approvals;
- 2.1.3 notes the links to the Council's Be The Future transformation programme and specifically the Transformation Zone place based approach.
- 2.1.4 notes the link to the Clackmannanshire Investment Strategy, which is the subject of a further paper to Council.

**3.0 Considerations**

***Introduction***

- 3.1. The University of Stirling is the lead partner for two projects within the Innovation workstream of the Stirling and Clackmannanshire City Region

Deal: Scotland's International Environment Centre, and the Intergenerational Living Innovation Hub.

- 3.2. Phase 1 of Scotland's International Environment Centre (SIEC) is already in delivery and is establishing the Forth Environmental Resilience Array (Forth ERA). A business accelerator team is in place, based at Forth Valley College in Alloa, and is leading development and delivery of the SIEC programme and associated Deal benefits. Phase 2 of the SIEC project will develop a large-scale innovation community centred on SIEC, physically headquartered in Alloa, and an associated research and policy centre on the University of Stirling Campus.
- 3.3. The Intergenerational Living Innovation Hub (ILIH) project, following approval by the Clackmannanshire Commission, was on-boarded formally to the Deal in December 2021. The Hub will create a research and innovation platform, pioneering novel approaches to ways of living, working and socialising, and developing solutions that enhance well-being as we age. It will enable businesses to embrace the opportunities presented by an ageing population by undertaking at-scale research, product and service development and testing, skills development and training.
- 3.4. In the second half of 2022 a collaborative programme of workshops and associated discussions took place involving the SIEC and ILIH teams from the University, the Transformation and Place teams from Clackmannanshire Council, and colleagues from Forth Valley College. This work has developed a specification of requirements for the SIEC Phase 2 and ILIH projects, set in the strategic context of the Clackmannanshire transformation programme, Be The Future; Clackmannanshire Council's developing investment strategy; and a socio-economic policy analysis including the Scottish Government's National Strategy for Economic Transformation.
- 3.5. The outcomes from the work in 2022 have resulted in the proposal for the creation of an Alloa Innovation Hub, encompassing SIEC Phase 2 and ILIH that is presented in this paper.

### ***An innovation destination***

- 3.6. Clackmannanshire has a heritage built on innovation. Together the ILIH and SIEC will celebrate and build on this heritage creating a shared future for the people of Clackmannanshire. The projects will be intrinsically linked to place and people. Their twin focuses of Ageing Population and Climate represent two of societies' biggest challenges. Bringing together academic research, innovation, business and skills development within the heart of the Clackmannanshire provides the opportunity to enrich both, make positive change, attract further investment, build Community Wealth and create a lasting legacy.
- 3.7. The analysis and evidence underpinning the National Strategy for Economic Transformation makes clear that sustained action is required to address the principle structural weaknesses in the Scottish economy. This must focus on delivering a step change in early-stage entrepreneurship, creation and growth of innovative businesses, business investment in R&D, and tackling income and opportunity inequality.

“Success means a strong economy where good, secure and well-paid **jobs** and growing **businesses** have driven a significant reduction in poverty and, in particular, child poverty. It means a nation of **entrepreneurs** and **innovators**, with resilient supply chains and competitive advantages in the new industries generated by technological change, scientific advance and our response to the **climate and nature crises**. It means a society in which **everyone can participate in economic success**, in every community and in every region.”

*Scotland's National Strategy for Economic Transformation, Scottish Government, March 2022*

- 3.8. Whilst there is substantial evidence that Clackmannanshire faces stark socio-economic challenges, there are also a number of important strengths and assets. Through our Wellbeing Economy programme we, alongside Scottish Government, completed a data deep-dive using the Inclusive Growth Framework which benchmarked key national performance indicators with Clackmannanshire and Scotland. This demonstrated higher than average productivity measures in Clackmannanshire including % GVA annual growth and higher than national average exports as % of Scottish totals. Business survival rates per head and GVA per head of population were shown to underperform against the Scottish average. Scotland ranks 8th out of the 12 UK Regions for Business Enterprise Research & Development (BERD) spend as a % of GDP, and 9th out of 12 per head of population. At 0.92% of GDP, Scotland ranks 24th out of 38 OECD countries for BERD spend. Clackmannanshire has 0.4% of GPD, 16th of the 32 Scottish local authority areas.
- 3.9. Clackmannanshire’s employment rate in its working age population is over 72% and is performing better than the Scottish average, as median earnings for males working full time are at just under £700 per week. Job density; earnings for females working full time and business density measures are underperforming against the Scottish average.
- 3.10. The Scottish Government’s National Performance Framework tracks Scotland’s business creation using the Total Early-stage Entrepreneurial Activity (TEA) rate. Scotland’s TEA rate remains significantly below that of other advanced economies, including the rest of the UK. Scotland needs to increase its TEA rate by around 70% if it is to match the performance of other small, advanced economies. There are also significant gender inequalities in early-stage entrepreneurship. Men dominate Scotland’s businesses creation despite the fact that half of people approaching Business Gateway are female. Scotland’s TEA rate for women remains lower than that for men.

- 3.11. We know that income and health inequalities are prevalent in Clackmannanshire. Poverty related performance measures are generally underperforming compared with Scotland with children living in low income families; % of workless households; qualifications and life expectancy rates all higher than the national rate. Whilst food and fuel poverty measures are prevalent in Clackmannanshire national performance data shows these are not significant outliers when compared with Scottish figures. Cost of living impacts will undoubtedly affect performance relating to these measures however these impacts are yet to materially change national performance measures on inclusive growth and wellbeing.
- 3.12. The Scottish Index of Multiple Deprivation is used to measure area based levels of deprivation over seven domains: income, employment, education, health, access to services, crime and housing. 25% of Clackmannanshire's data zones are in the 20% most deprived areas in Scotland (local share) and 1.29% of data zones are in Scotland's 20% most deprived areas (national share). 16% of people living in Clackmannanshire live in the least deprived quintile; 28% live in the most deprived quintile demonstrating the deprivation gap. The most deprived areas in Clackmannanshire are sited in the Alloa South and East area which has high levels of income, employment and health deprivation.
- 3.13. Place and sustainability measures tend to perform better in Clackmannanshire against the national average with higher satisfaction levels in public services; access to green and blue spaces; % of households meeting SHQS standards and lower proportions of crimes per 10k population.
- 3.14. The programme of work supported by the Family Wellbeing Partnership (FWP) (funded by the Scottish Government and the Hunter Foundation) is taking a system wide approach to address some of these significant barriers that communities face, creating the conditions for wider change. By putting the voices of communities at the centre, services and supports can be redesigned, reaching families and individuals quicker and more effectively.
- 3.15. It is clear that the same areas of focus for economic change are required in Clackmannanshire as are set out in the National Strategy. Indeed, the local need for business creation, entrepreneurship, innovation and investment, and tackling income inequalities is even greater than nationally. The priorities for the Alloa Innovation Hub have been designed directly to deliver on those areas of focus, tied to a skills ecosystem that ensures the opportunities, jobs and prosperity created through economic change are accessible to all citizens.
- 3.16. Innovation is required to transform public service delivery, both to respond to increasing budgetary constraints, and in the face of the ageing population which will increase demand, especially in health and social care. Clackmannanshire is ageing faster than the rest of Scotland with more over 65s and over 75s compared against the average across Scotland. This will likely filter into the over 85 years category in coming years and present an increased demand on service provision. The experience gained from the work of the FWP so far (para 3.13 above) is demonstrating how you can streamline funding and supports more holistically to shift the public sector

response to being more person-centred, and from being reactive to a focus on early intervention and prevention. Taking all of this into account, a statement of vision, ambition and outcomes has been developed for Alloa as an innovation destination, delivering sustained positive change in the town, and across Clackmannanshire:

- An innovation destination:
- Centred on community wealth building
- Creating jobs and work opportunities
- Attracting businesses to the region
- Developing an entrepreneurial economy
- Driving social innovation
- Supporting transformation of public service delivery
- Catalysing additional investment, benefits and impact
- Opening up “the way to the river”
- Linking assets and expertise together in a connected community and region
- Tackling child poverty
- Improving health equalities, fuel and food poverty, social care, digital inclusion, wellbeing
- Providing an “anchor” in the heart of the community
- Maximising use and re-use of existing assets

3.17. The vision, ambition and outcomes have been mapped against wider transformation and investment projects across Clackmannanshire for both ILIH and SIEC Phase 2, through the lenses of wellbeing, community resilience, and environmental enhancement (see maps Appendices 2 and 3). There is a very high degree of correlation between the ILIH and SIEC maps.

3.18. The proposed Investment Strategy for Clackmannanshire focuses on six strategic investment opportunities, of which the Alloa Innovation Campus is one. Each one of the strategic investment opportunities has anchor investment attached to it and in the case of the Innovation Campus this anchor investment is the City Region Deal money and our own capital investment. Through this anchor investment we open up catchment of wider connected opportunities. The Alloa Innovation Campus demonstrates this anchor and catchment approach and how this will expand our investment mix.

### ***Specification of Requirements and Use of Growth Deal Investment***

3.19. Through the workshops a specification of functional requirements has been developed for both the ILIH and SIEC Phase 2, as set out in Appendix 1. As can be seen, the requirements for both projects are effectively the same.

3.20. The investment available through the City Region Deal is £8m (£7m Scottish Government, £1m Clackmannanshire Council) for SIEC 2 in Clackmannanshire, £7.25m (UK Government) for ILIH, and £5m (UK Government) for SIEC 2 Research and Policy Centre on the Stirling Campus. The total investment for the innovation hubs in Clackmannanshire, therefore, is £15.25m.

3.21. The impact of inflationary pressures and supply chain challenges, especially in the construction sector, mean that the £15.25m will inevitably deliver less

infrastructure than when the projects were first mooted some five years ago. In order to secure maximum benefit and leverage from the investment, therefore, it is recommended that the £15.25m is concentrated on the creation of an initial 'anchor' innovation development – The Alloa Innovation Hub - stimulating innovation and entrepreneurship through R&D and business incubation spaces. This will deliver the range of functionality set out in the specification of requirements in Appendix 1.

- 3.22. The Alloa Innovation Hub will, in turn, catalyse additional investment over time in a portfolio of business, community, place-based and other developments, aligned with the Clackmannanshire Council investment strategy. These, for example, could include the Alloa town centre transformation zone, Forthbank, Glentana Mill, Gartmorn Dam, the new Wellbeing Hub, and business grow-on space. It could further be aligned with other Growth Deal projects including the Digital Hub, Active Travel, and Culture, Heritage and Tourism projects.
- 3.23. Given that the specification of requirements for both SIEC 2 and ILIH are the same, it is proposed that they be developed through a single build, encompassing both innovation facilities. This would also have the potential for extending use of the facility to other innovation areas, including health and social care. A single build would maximise the impact of the available £15.25m of investment by removing the need to duplicate functionality in two locations.
- 3.24. The Alloa Innovation Hub would form a cornerstone of the innovation campus model, anchored in the town centre transformation zone, and supporting the use of other assets including the college campus and school learning estate. Evaluation of a number of potential sites for the Hub within Alloa is currently underway, to establish a preferred option and indicative costs. This will, in turn, inform the development of the required business case to release the Growth Deal investment. This work will also help to shape wider town centre masterplanning in Alloa as part of the transformation zone approach to improving community life and economic resilience.

### ***Next Steps***

- 3.25. Subject to agreement by the University and Clackmannanshire Council on the proposed Alloa Innovation Hub approach, a formal change request will require to be submitted to the UK and Scottish Governments through the Regional Programme Management Office. This will request that SIEC Phase 2 and ILIH are combined into a single project within the Stirling & Clackmannanshire City Region Deal, to be named the Alloa Innovation Hub. Assuming agreement is forthcoming from the Governments, the University will establish a Project Board, including representation from Clackmannanshire Council, and assemble a team to develop the required Outline and Full Business Cases to release the Deal investment.
- 3.26. Development and approval of the Business Case, based on Government guidance and Deal experience, is expected to take 18 months. The construction period for the Hub will commence thereafter, with the timeline to completion and opening determined by the requirements of the preferred option that is established through the business case development process.

- 3.27. While governance approvals are being sought, work is continuing to develop the Hub proposition. At present, a site options appraisal exercise is underway. A long list of potential sites for the Hub in Alloa is being examined (see Appendix 4), with initial feasibility studies and cost estimates being undertaken. In addition, engagement with key potential project stakeholders, including communities, is underway. All work to date, including the current activities, will feed into the preparation of the project Business Case.
- 3.28. Clackmannanshire Council has provided grant funding to the University of £294,833 (subject to contract) to support development of the Alloa Innovation Hub project and business case. The University is providing additional cashflow support for the costs of programme and project management and business case development. This expenditure will be recoverable against the Deal investment at the point of Full Business Case approval.

#### 4.0 Sustainability Implications

- 4.1. Environmental and financial sustainability considerations form a key part of the Deal Benefit Realisation Plan and all business cases must demonstrate clear links to the agreed outcomes.

#### 5.0 Resource Implications

##### 5.1. *Financial Details*

- 5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

- 5.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes

##### 5.4. *Staffing*

5.5.

#### 6.0 Exempt Reports

- 6.1. Is this report exempt? Yes  (please detail the reasons for exemption below) No

#### 7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities** (Please double click on the check box )

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all   
Our families; children and young people will have the best possible

- start in life
- Women and girls will be confident and aspirational, and achieve their full potential
- Our communities will be resilient and empowered so that they can thrive and flourish

(2) **Council Policies**

**8.0 Equalities Impact**

- 8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?  
 Yes  No

**9.0 Legality**

- 9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

**10.0 Appendices**

- 10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix 1 – Functional Requirements for ILIH & SIEC 2  
 Appendix 2 – SIEC Links to Clacks Transformation & Investment Priorities  
 Appendix 3 – ILIH Links to Clacks Transformation & Investment Priorities  
 Appendix 4 – Long List of Candidate Sites


**11.0 Background Papers**

- 11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)  
 Yes  (please list the documents below) No

**Author(s)**

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**Approved by**

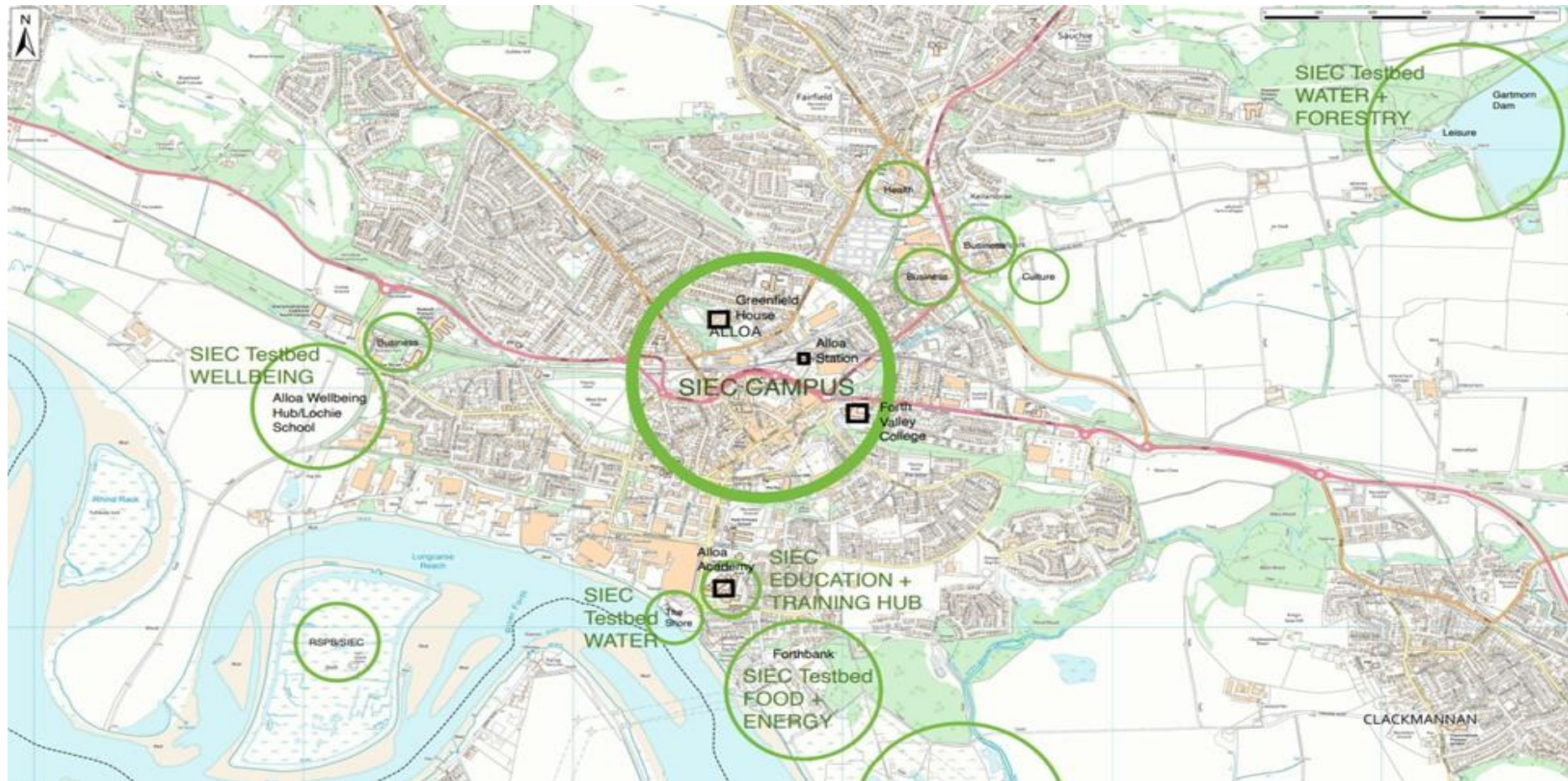
NAME	DESIGNATION	SIGNATURE
Nikki Bridle	Chief Executive	



## Appendix 1 : Functional Requirements for ILIH and SIEC 2

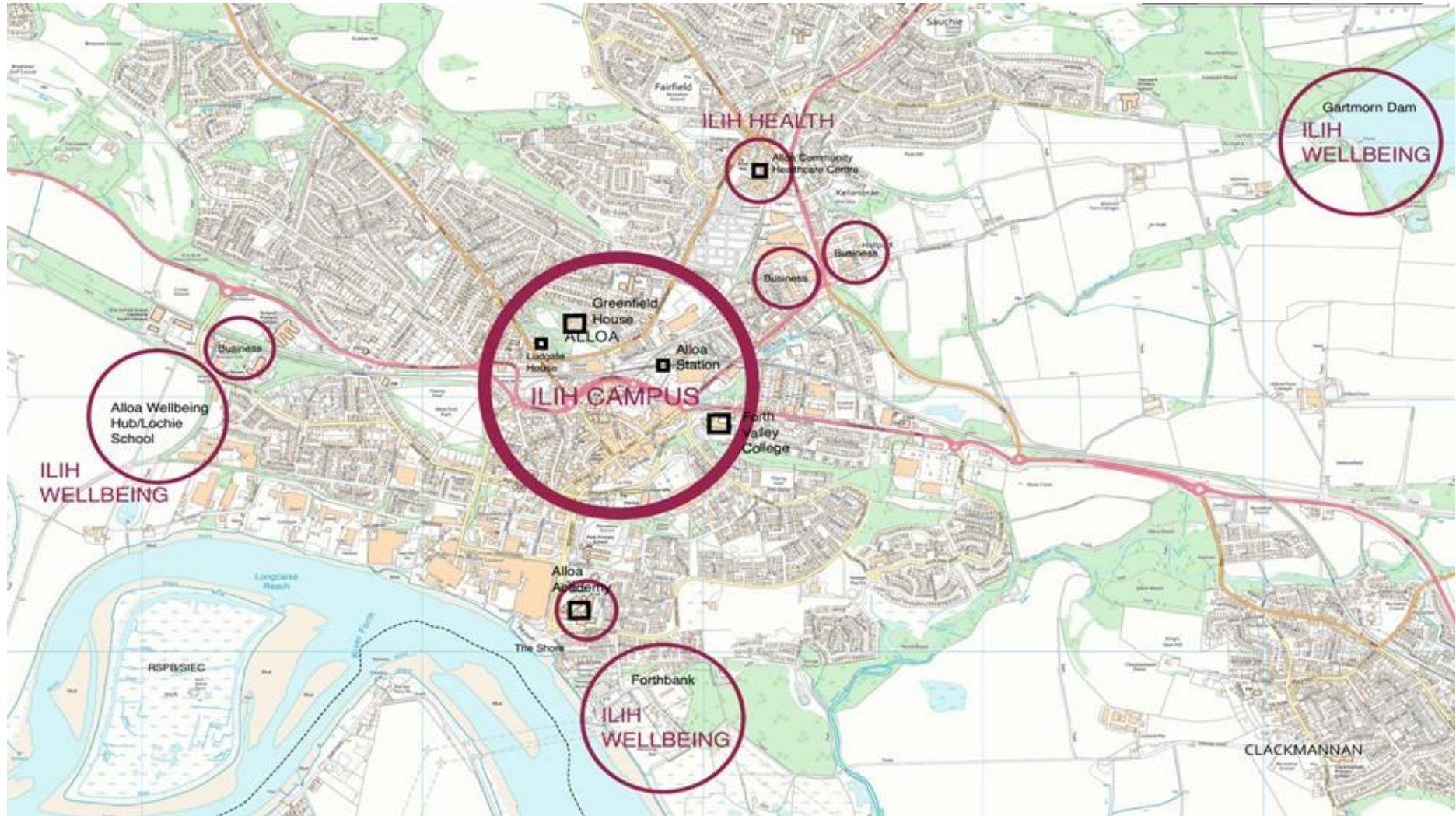
Functions	ILIH	SIEC	Notes
<b>Public facing zone</b> “Café, Drop in, Interact, build trust and action”	√	√	Public / Welcoming space critical for community engagement Accessibility is key
<b>R&amp;D HUB</b> Collaborative working and co-working	√	√	Practitioners, Researchers, Communities Private, Flexible, Open Plan
<b>Technology and Lab Zone</b> Testbed, product development, showcasing kit (sensors etc) Makers Lab, prototyping and workshop	√	√	Product development suite/lab suitable for testing large products with co-production areas. Prototyping facilities – workshop area with CNC, lathe, workbenches. Workshop space (clean and dirty)
<b>Data and Immersion Zone</b> Understanding data VR, AR and Immersive Experiences	√	√	VR for Healthy Ageing Friendly Products, Homes, Environments and Services. Forth ERA. Digital Twins. Landscapes, Seascapes and Streetscapes, changing scenarios
<b>Education and Engagement Zone</b> Training Facilities Conference, Event and Meeting Space	√	√	KE Business Engagement Core services: e.g. Dementia training
<b>Business Incubation / Co-Location Zone</b>	√	√	e.g. Hydro Nation Chair Incubator space Labs, workshop, prototyping space paid by start-ups Desk space / Shared meeting spaces
<b>ILIH Housing Demonstrator</b>	√	√	Core but catchment with leveraged investment
<b>Skills and Teaching</b>			Delivered within existing core assets in college, schools and UoS campus

Appendix 2 – SIEC links to Clacks transformation and investment priorities





Appendix 3 – ILIH links to Clacks transformation and investment priorities





## Appendix 4 – Long list of candidate sites

